

**JUVENILE REGIONAL SERVICES INCORPORATED**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 02 2011

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Juvenile Regional Services Incorporated**

We have audited the accompanying statement of financial position of **Juvenile Regional Services Incorporated (JRS)** (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **JRS'** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **JRS** as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Juvenile Regional Services Incorporated**  
Page 2

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **JRS** taken as a whole. The accompanying schedule of functional expenses for the year ended June 30, 2011, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 2011

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**

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**ASSETS**

Cash (NOTES 1 and 4)	\$154,440
Grant receivable	5,252
Prepaid expenses	<u>27,561</u>
Total current assets	<u>187,253</u>
Property and equipment, net of accumulated depreciation of \$5,990	<u>16,464</u>
Total assets	<u><u>\$203,717</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ <u>-0-</u>
Total liabilities	<u>-0-</u>
Net Assets (NOTE 2):	
Unrestricted net assets	54,324
Temporarily restricted net assets (NOTE 7)	<u>149,393</u>
Total net assets	<u>203,717</u>
Total liabilities and net assets	<u><u>\$203,717</u></u>

The accompanying notes are an integral part of these financial statements.

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES:</b>			
Contributions	\$ 24,838	\$ -0-	\$ 24,838
Contract revenue (NOTE 3)	500,000	-0-	500,000
Grants (NOTE 6)	20,000	341,008	361,008
Interest income	14	-0-	14
Program fees	1,500	-0-	1,500
Net assets released from restrictions:			
Satisfaction of program restrictions (NOTE 7)	<u>294,127</u>	<u>(294,127)</u>	<u>-0-</u>
Total support and revenues	<u>840,479</u>	<u>46,881</u>	<u>887,360</u>
 <b>EXPENSES:</b>			
Program services	696,497	-0-	696,497
Supporting services:			
Management and general	48,447	-0-	48,447
Fundraising	<u>41,687</u>	<u>-0-</u>	<u>41,687</u>
Total expenses	<u>786,631</u>	<u>-0-</u>	<u>786,631</u>
Changes in net assets	53,848	46,881	100,729
Net assets:			
As of June 30, 2010	<u>476</u>	<u>102,512</u>	<u>102,988</u>
As of June 30, 2011	<u>\$ 54,324</u>	<u>\$ 149,393</u>	<u>\$203,717</u>

The accompanying notes are an integral part of these financial statements.

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in net assets	\$100,729
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	3,204
Non cash contributions	(9,538)
Decrease in prepaid expenses	80
Decrease in other receivables	575
Decrease in accounts payable	<u>(1,450)</u>
Net cash provided by operating activities	<u>93,600</u>
Net increase in cash	93,600
Cash at June 30, 2010	<u>60,840</u>
Cash at June 30, 2011	<u><u>\$154,440</u></u>

The accompanying notes are an integral part of these financial statements.



**JUVENILE REGIONAL SERVICES INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - ORGANIZATION:**

**Juvenile Regional Services Incorporated (JRS)** is a nonprofit organization to support juvenile indigent defense systems such that indigent juveniles are provided effective legal representation; to provide for the alleviation of unconstitutional conditions of confinement for juveniles; and to assist in the development and expansion of rehabilitation efforts and alternative programs for juveniles.

**JRS** was originally under the control of Juvenile Justice Project of Louisiana (JJPL), but was incorporated as a separate legal entity on October 27, 2006 pursuant to the provisions of the Louisiana Nonprofit Law, Louisiana R.S. 12:201 - 12:269 (1950 as amended).

**JRS** offers and provides the following programs and services:

- Trial Representation
- Dispositional Planning
- Appellate Representation
- Social Work
- Employment Referrals
- Advocacy
- Service Referrals

Program services provided by **JRS** are funded primarily by contract revenues under a contract with the Orleans Public Defenders to represent all indigent youth in Orleans Parish in delinquency and Families in Need of Services (FINS) cases.

**JRS** is also funded by grants from the following agencies:

- Louisiana Bar Foundation
- MacArthur Foundation
- Tides Foundation
- Open Society Institute
- Greater New Orleans Foundation

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Principles of Accounting**

**JRS** is a nonprofit organization whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Reporting**

In accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations, **JRS** classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **JRS** are included in this category.
- Temporarily restricted net assets include realized gains and losses, investment income and grants and contributions for which donor-imposed restrictions have not been met.

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

**Basis of Reporting, Continued**

- Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized in accordance with donor-imposed restrictions.

At June 30, 2011, **JRS** did not have any permanently restricted net assets.

**Cash Equivalents**

For purposes of the statement of cash flows, **JRS** considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. **JRS** had no cash equivalents at June 30, 2011.

**Property and Equipment**

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. **JRS** capitalizes all additions having an estimated useful life greater than one year. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over estimated useful lives ranging from five (5) to seven (7) years.

**Revenue Recognition**

Contract revenues are recognized when earned.

Grants (if not considered exchange transactions) and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Revenue Recognition, Continued

Restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Deferred Revenues

Deferred revenues arise when resources are received by JRS before it has a legal claim to them or when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when JRS has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced. At June 30, 2011, JRS had no deferred revenues.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among JRS programs and supporting services benefitted.

Income Taxes

JRS is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes has been made in the accompanying financial statements. Should JRS' tax-exempt status be challenged in the future, JRS' 2008, 2009 and 2010 tax years are open for examination by the IRS.

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - ECONOMIC DEPENDENCY:**

Approximately 56% of **JRS'** revenues are derived from a contract with the Orleans Public Defenders (OPD) to provide representation for indigent youth in delinquency and Families in Need of Services (FINS) cases. **JRS** also receives a large portion of its funding through grants and contributions provided by various funding agencies. The continued success of **JRS** is dependent upon the renewal of its contract with OPD, and upon continued support through grants and contributions from its various funding sources.

**NOTE 4 - CONCENTRATION OF CREDIT RISK:**

**JRS** maintains a non-interest-bearing account at a bank in New Orleans, Louisiana. The Federal Deposit Insurance Corporation (FDIC) provides unlimited deposit insurance coverage on non interest-bearing accounts. At June 30, 2011, **JRS'** deposits were fully insured.

**NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The estimated fair value of all significant financial statement amounts have been determined by **JRS** using available market information and appropriate valuation methodologies. **JRS** considers the carrying amounts of cash to be at fair value.

**NOTE 6 - GRANT REVENUE:**

Grant revenue for the year ended June 30, 2011, consisted of the following:

**Foundation Grants**

Louisiana Bar Foundation	\$ 21,008
MacArthur Foundation	125,000
Tides Foundation	75,000
Open Society Institute	120,000
Greater New Orleans Foundation	<u>20,000</u>
Total grants	<u>\$361,008</u>

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:**

Net assets released from restrictions for the year ended June 30, 2011 and temporarily restricted net assets as of June 30, 2011 are as follows:

	<u>LA Bar Foundation</u>	<u>MacArthur Foundation</u>	<u>Tides Foundation</u>	<u>Open Society Institute</u>	<u>Total</u>
<b>REVENUES:</b>					
Temporarily restricted grants	\$ 21,008	\$ 125,000	\$ 75,000	\$ 120,000	\$ 341,008
	<u>21,008</u>	<u>125,000</u>	<u>75,000</u>	<u>120,000</u>	<u>341,008</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>					
Salaries and wages	21,008	87,473	48,361	68,733	225,575
Fringe benefits	-0-	5,905	9,374	18,214	33,493
Office expense	-0-	2,267	-0-	-0-	2,267
Consultants	-0-	14,723	-0-	-0-	14,723
Travel and transportation	-0-	1,732	-0-	-0-	1,732
Training	-0-	-0-	832	-0-	832
Professional dues	-0-	-0-	280	-0-	280
Volunteer expense	-0-	-0-	-0-	15,225	15,225
	<u>21,008</u>	<u>112,100</u>	<u>58,847</u>	<u>102,172</u>	<u>294,127</u>
Changes in temporarily restricted net assets	\$ <u>-0-</u>	\$ <u>12,900</u>	\$ <u>16,153</u>	\$ <u>17,828</u>	\$ <u>46,881</u>

**NOTE 8 - DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through October 4, 2011, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

## **SUPPLEMENTARY INFORMATION**

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Client records	\$ 106	\$ -0-	\$ -0-	\$ 106
Computers and maintenance	12,525	824	460	13,809
Consultants/contractors	39,703	-0-	25,092	64,795
Copier and maintenance	1,161	76	43	1,280
Depreciation	2,852	160	192	3,204
Insurance	16,969	1,128	629	18,726
Law library	1,327	-0-	-0-	1,327
Legal research	6,232	-0-	-0-	6,232
Miscellaneous	85	7	3	95
Office expense	4,686	308	172	5,166
Fringe benefits	99,636	6,558	3,658	109,852
Salaries and wages	434,843	28,622	15,965	479,430
Professional/association dues	330	-0-	-0-	330
Rent	45,358	2,986	1,665	50,009
Telephone	8,507	560	312	9,379
Training	754	50	28	832
Travel and transportation	6,198	408	228	6,834
Volunteer expense	15,225	-0-	-0-	15,225
Total	<u>\$ 696,497</u>	<u>\$ 41,687</u>	<u>\$ 48,447</u>	<u>\$ 786,631</u>

See Independent Auditors' Report on Supplementary Information.





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
**Juvenile Regional Services Incorporated**  
New Orleans, Louisiana

We have audited the financial statements of **Juvenile Regional Services Incorporated (JRS)** (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **JRS'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **JRS'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **JRS'** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether JRS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

October 4, 2011

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section I - Summary of Auditors' Results**

- A. The type of report issued on the financial statements: **unqualified opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **none reported** material weaknesses: **no.**
- C. Noncompliance which is material to the financial statements: **no.**
- D. Significant deficiencies in internal control over major programs: **not applicable** material weaknesses: **not applicable.**
- E. The type of report issued on compliance for major programs: **not applicable.**
- F. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **not applicable.**
- G. Major programs: **not applicable.**
- H. Dollar threshold used to distinguish between Type A and Type B programs: **not applicable.**
- I. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **not applicable.**
- J. A management letter was issued: **no.**

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section II - Findings Relating to the Financial Statements Reported  
In Accordance with Government Auditing Standards**

No matters reported.

**Section III - Internal Control and Compliance Material to Federal Awards**

Not applicable.

**JUVENILE REGIONAL SERVICES INCORPORATED**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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**Section I -      Internal Control and Compliance Material to the Financial Statements**

No matters reported.

**Section II -    Internal Control and Compliance Material to Federal Awards**

Not applicable.

## **JUVENILE REGIONAL SERVICES INCORPORATED**

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### **EXIT CONFERENCE**

The financial statements and related reports were discussed at an exit conference held on October 18, 2011 with management of JRS. Those that participated in the discussions are as follows:

### **JUVENILE REGIONAL SERVICES INCORPORATED**

Mr. Joshua Perry	--	Interim Executive Director
Ms. Lulu Freiberg	--	Finance Manager

### **BRUNO & TERVALON LLP** **CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Ms. Sherina C. Lewis, CPA	--	Manager